



June 27, 2014

To: Executive Board

Subject: **Foothill Transit Credit Card Policy Update**

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### **Recommendation**

Authorize the Executive Director to expand the existing Foothill Transit credit card policy to include non-travel-related expenses, as required, to obtain certain small dollar goods and services more quickly and conveniently.

### **Analysis**

In March 2011, the Executive Board authorized the Executive Director to secure Foothill Transit credit cards to be used for necessary travel expenditures for Department Directors and two administrative staff.

Currently, each credit card holder is required to sign a credit card acceptance application that documents their agreement to use the card solely for travel-related expenses and to prepare a monthly expense reconciliation. This limits the ability of Executive Staff to purchase necessary, non-travel items.

The use of the agency credit card as a “purchase card” or PCard is an approved industry best practice. The purpose of a PCard is to procure small dollar, non-inventory, non-capital items. Use of the internet to procure goods and services has increased the need for a PCard as many vendors will only accept a credit card as payment. The PCard is not intended to provide a means for Department Directors to circumvent the procurement process. All cardholders are required to comply with Foothill Transit’s Procurement Policies and Procedures including using a purchase order and check request when appropriate for the procurement. The FTA regulations 4220.1F identify a micropurchase as any item less than \$3,000. The limit for all non-travel PCard purchases will be \$1,500 for a single transaction, unless previously approved by the Executive Director.

Some examples of eligible PCard purchases are the following:

- Emergency signage for customer notification of detours, construction notices, etc.
- Safety or security purchases required to solve an immediate issue such as after an earthquake or other disaster or to avoid safety concerns
- Advertising for Requests for Proposals (RFP), Invitations for Bid, digital advertising such as Google, Facebook, Twitter



- Dues, subscriptions and on-line training or webinars (APTA, WTS, and many other organizations are now using electronic payment methods to pay for annual dues and training programs)
- Equipment and supplies required to repair and maintain existing operating equipment (examples include extension cords to provide power for back-up servers or for keyboxes for farebox vaults, camera supplies, storage disks, etc.)
- Computer equipment such as specialized software provided by a single vendor or low dollar replacement equipment that doesn't lend itself to retaining in inventory
- Refreshments for meetings when staff and guests are required to meet for an extended period, such as, RFP interviews, or for special events, such as visits from elected officials
- Special event supplies including Foothill Transit promotional items, appropriate decorations and rental of items when required to create a Foothill Transit booth
- Employee recognition gift cards or other incentives

The above list is not intended to be all-inclusive but represents the general parameters for acceptable PCard use. The PCard usage will be reported and approved by the Executive Director or his designee, within 30 days of receipt of the card statement. All purchases must be accompanied by an Expense Reimbursement form, receipts for all purchases, and a determination of price reasonableness. Each employee authorized a credit card, will sign an agreement form agreeing to the credit card terms and conditions.

### **Budget Impact**

This recommendation will provide improved expense tracking for each department budget. Department Directors will identify on the credit card statement the appropriate account to be charged for each item purchased. There is no budget increase anticipated as a result of this recommendation.

Sincerely,

A handwritten signature in blue ink that reads "Michelle Lopes Caldwell".

Michelle Lopes Caldwell  
Director of Finance

A handwritten signature in blue ink that reads "Doran J. Barnes".

Doran J. Barnes  
Executive Director